

nation, but the administration is under the charge of a commission chosen by the Diet and is not responsible to the executive department of the government. The capital of the bank, prior to the reform of 1897, was 25,000,000 crowns (\$6,700,000) with a reserve of 5,000,000 crowns, and it was allowed to issue notes to the amount of both, plus its credits with foreign banks and its metallic reserve.¹ The reserve was not allowed to fall below 10,000,000 crowns. The notes are a legal tender by the Swedish constitution in Sweden and are receivable by public depositaries.

The private banks grew up at first without regulation, but became subject to general law in 1864. A new law of January 1, 1887, imposed certain general conditions upon these banks, most of which are still in force.² The capital of each is required to be at least 1,000,000 crowns (\$268,000), the charter runs for ten years, and the shareholders are responsible only for the amount of their shares.

Sweden in 1897 followed other important European states in taking measures to concentrate the power of note issue in a single institution. The nucleus of the new system existed in the State Bank, whose character was not changed as to ownership and organization, but which was given by the law of May 12, 1897, larger powers and more exclusive privileges. The changes as to note issues did not become fully effective until January 1, 1904, but the capital of the State Bank was increased in the meantime to 50,000,000 crowns (\$13,400,000) and the way paved for gradually eliminating the circulation of the private and joint stock banks. As early as 1879 the privilege of issuing notes for five crowns (\$1.34) was reserved to the State Bank, and in 1887 its limit of issue was raised to 45,000,000 crowns and the cash holdings were required to be 18,000,000 crowns. The law of 1897, consolidating note issues, raised the maximum limit of circulation to 100,000,000 crowns and required minimum cash holdings to be 25,000,000 crowns, all *in gold*. A stib-

¹ Muhleman, 149.

² 1,6 vy, 219.